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# ***HOW HR CAN INFLUENCE and WOW THEIR CEO***

*And why CEO's should expect more from HR*

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These slides can be downloaded at [www.drjohnsullivan.com](http://www.drjohnsullivan.com)

Start by asking yourself “What amazing things could I do if my HR budget was doubled?”

Well I’m from the Silicon Valley (the land of Apple, Uber, Facebook, twitter & WhatsApp) where HR is incredibly well-funded. So I was asked to share with you today how we get such a high level of financial and CEO support.

Please select only those elements that make sense in your situation



Please feel free to interrupt and ask questions at any time <sup>3</sup>

**My experience includes advising managers  
at many to the top global firms (over 300 organizations)**

**Apple**

**Google**

**Microsoft**

**Facebook**

**Twitter**

**Intel**

**Siemens**

**Nokia**

**Dell**

**Oracle**

**HP**

**NIKE**

**Marriott**

**Pepsi**

**Starbucks**

**McDonald's**

**GE**

**Johnson & Johnson**

**BMW**

**Emirates**

**E&Y**

**McKinsey**



## 5 goals for today

1. They asked me to *aggressively* show you that HR has a high business impact... but that it gets a much reduced budget because it fails to target and impress the CEO
2. To provide you with an array of choices on ways to impress your CEO
3. To expose you to over a dozen global leading-edge best practices in HR
4. To answer your questions and
5. To have a little fun as we explore new ideas

# Would you please do me a favor... Because my goal is to give you at least 6 takeaways

Please draw a circle  
like this on your note pad

## *Actions to take*

- 1. Check on my CEO's bonus criteria*
- 2. Add predictive metrics*
- 3.*
- 4.*
- 5.*
- 6.*



*My secret spy drone will check on your progress  
during the presentation*

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## Part I – Introduction

**Let's compare the potential value of HR...  
to its actual record of performance**

**Let's do a quick poll by raising your hand**

**In the eyes of most CEO's at major firms...**

**Is the HR function...**

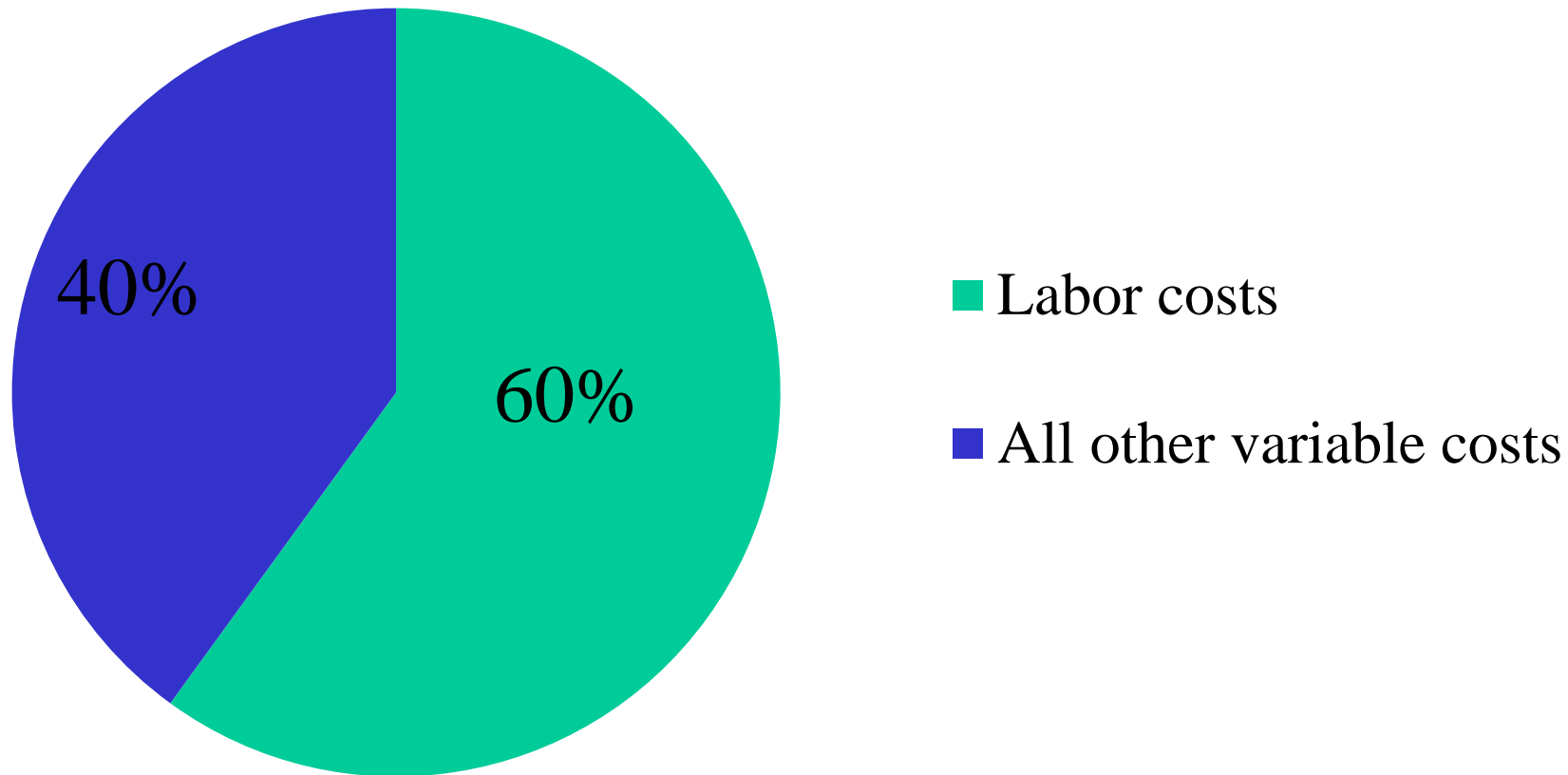
- **Undervalued**
- **Overvalued or**
- **Do they value it about right?**

**From an objective viewpoint, there is  
little doubt about the  
possible business impacts of HR**

**Let's look at 5 quick examples**

# Based on costs, HR is #1 in importance

**Labor costs are often as high as 60% of all corporate variable costs**



**According to this CEO,  
HR leaders should be corporate heroes**

**Jack Welch “Manager of the Century” and  
former CEO of GE says this about HR...**

**HR... “Is the Most Important Department of a  
Company” (When it is Used Appropriately)**

# Which has a higher return... Capital Improvements or Human Capital?

“Spending **10% of revenue on capital improvements** boosts productivity by **3.9%...**”

But a similar investment in developing **human capital increases productivity by** \_\_\_ %?

“**8.5% -- more than twice as much.**”

# **What is the #1 factor that predicts global financial performance?**

**The #1 predictive strategy for global financial performance is...**

**“Building an inclusive culture”**

(Obviously HR owns diversity and inclusion)

I was happy with our HR approach...

but now... **“I want that one”**

CEO of General Mills



**These last 5 slides do reveal HR's potential, but...**

**It is crystal-clear that in many cases, we  
are not currently living up to that potential**

**Here are some examples to illustrate our challenges**

# Please write down the top 2... and the bottom 2 global business challenges facing CEO's?

- Trust in business
- Global / international expansion
- Global political / economic risk
- Government regulation
- Corporate brand and reputation
- Sustainability
- Operational excellence
- Customer relationships
- Innovation
- Human capital



# Human Capital is the #1 global business challenge facing CEO's

Global  
N=943

## Challenges :

The top 4 factors all  
require exceptional talent

- 1 Human capital
- 2 Innovation
- 3 Customer relationships
- 4 Operational excellence

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- 5 Sustainability
- 6 Corporate governance
- 7 Government relations
- 8 Environmental impact
- 9 Social responsibility
- 10

**Obviously if HR was meeting its expectations...  
it wouldn't be listed... as the top challenge and  
HR functions would have a boatload of money**



# **Almost everyone agrees that HR must become more strategic**

**When CEO's and board-level executives rank business functions...**

**Which one is listed as the most strategic?**

**Sales**

**Where was HR ranked on the list?**

**“The least strategic function”**

# **Almost everyone agrees that HR must increase its business impacts**

**Of the 18 actions that contribute to business outcomes...**

**#1 – The action with the highest impact is...**

Reducing operational cost structures

**“Talent was... dead last” (#18 out of 18)**

# Almost everyone agrees that HR doesn't use enough analytics

Where does HR rank in analytics usage compared to other bus functions?

	% of advanced users	% of non-user
1.Finance	58%	7%
2.Executive team ←	51%	11%
3.Operations	48%	9%
4.R&D	44%	23%
5.Marketing	41%	16%
6.Sales	34%	20%
<b>7.HR (last)</b>	<b>27%</b>	<b>23%</b>

# What percent of CEO's have faith in HR's metrics?

**Only 12% of CEO's are confident in the quality of Human Capital metrics**

CEO  
12%



# Of all the 13 things we do in HR, what HR areas do executives rank at the bottom... #12 and #13



**Based on what we have just seen...**

**Can we all agree... that HR needs to make dramatic changes in order to reach our potential in the eyes of CEO's?**

**Any questions at this point?**



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**Part II – Highlighting the differences  
between advanced and average HR  
executives**

**Let's look at how an advanced and an average  
HR executive would answer...**

**“the toughest strategic question there is in HR”**

# How would you answer... the single most difficult CEO question in HR?

**“A single quantified sentence or metric**  
that I could pass on to a cynical BOD member...

That would absolutely convince them that we are  
getting an exceptional return from our largest  
controllable investment?”

# How would an average HR executive answer it?

## An average HR executive answer

- We have put together a **great engaged HR team,**
- That is **100% committed to excellence,**
- They put out the **maximum effort every day,**
- They are **aligned with our business goals and**
- They strive to be **superior “business partners”**

# How would an advanced HR executive answer the question differently?

- Using our firm's "revenue per employee" **measure of workforce productivity** (which is the easiest to compare across firms),
- Our rev. per employee # was **\$1.5 million** (152 mil KES)
- **It was up 18.5%** over the previous year,
- It's far exceeded the **industry average of \$208,000**,
- And **it was #2 overall in our industry**, compared to #1 Apple at \$2.01 million

**Would that answer be sufficient?**

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## Part III – Action steps to impress the CEO

How do you identify and then do

the things that will impress your firm's CEO?

# **Start off by understanding the many benefits of being able to influence your CEO**

## **Benefits for the function**

- **Expanded access to executives and leaders**
- **You'll be listened to first**
- **Others will gladly help and collaborate with you**
- **More budget KES and fewer cuts**
- **Faster approvals** and fewer project/idea denials
- **Your staff will be able to move to other SBU's**

## **Individual benefits**

- **Better pay**
- **Job security**
- **More chance for promotion and external jobs**
- **Less stress** (because of resources and everyone helping)
- **More recognition**
- **More opportunities for new projects**

# Step #1 - Minimalize the use of these 7 weak influence approaches

- Sitting back & “letting your work speak for itself”
- Don’t brag or show off, but do present the best work / results & be 1<sup>st</sup> with answers & solutions
- Acting like overhead functions that haven’t made the transition (i.e. accounting vs. finance)
- Relying 100% on a personal relationship
- Aligning with business goals (but not impacting them)
- Striving only to be a business partner (vs. a leader)
- Acting with traits that are different than those held by the CEO (not questioning everything)

# Which business functions are generally better funded and have the most influence?

- Sales
- Advertising and marketing
- Customer service
- IT
- Product development
- Production
- Supply chain
- Finance
- Accounting
- Security
- PR
- Real estate
- Tax
- Maintenance
- Law
- HR

**What factors do the well-funded functions have in common?**

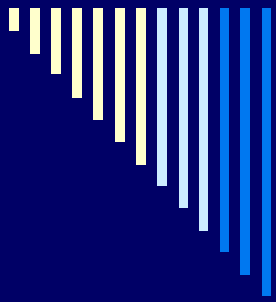
Also what are the commonalities between poorly funded functions?

Generate revenue, data-driven, integrated, customer impact, preventing catastrophes, allow us to charge more, forward-looking, can't be outsourced

# How do you find out what your CEO cares about?

Look for common influence factors from these different sources of information

- The corporate **goals found in the strategic bus. plan** (revenue, profit, market share, business growth)
- Their **personal bonus criteria** (fixing existing business problems, planning for the future, acquisitions etc.)
- Areas that get disproportionately **high funding**
- **High emphasis topics on their executive agenda** or in its minutes (problems or opportunities)
- Priority **content in their major speeches**
- Look for the **traits reflected in their favorite business units** and those that **they admire**
- **Ask them to prioritize your list** of possible results



**Obviously can't change everything in  
HR at once...**

**But here are 16 different categories of  
influence actions that you should  
consider**

# 16 action categories for impressing your CEO

1. **Act as they do** & share their traits
2. Use **their language** (the language of business)
3. Make them **revenue**
4. Also impact the firm's other **strategic goals**
5. **Convert HR results** to \$ of revenue impacts
6. Increase the **productivity/innovation of your workforce**
7. **Build a performance culture**
8. Solve **their business problems** (not HR problems)
9. Make **decisions with data**
10. **Tell them about the future**, not history
11. Provide a **competitive advantage**
12. Use **technology everywhere**
13. **Shift your focus from cost cutting** to revenue increases
14. Increase organizational **speed and learning speed**
15. Help **the CEO be more visible**
16. Avoid making a **single major error in HR**



# Impress your CEO... with these traits

## 1) Act as they do / mirror their traits

Identify a CEO's traits and those of people they admire

Some common CEO traits include:

- Interrupting and asking a lot of questions
- Speak with numbers and with charts
- Want to know “why” things work & fail
- Expect to win and be first every time
- Focus on revenue and bottom line results
- Take calculated risks
- Make bold decisions
- Be highly competitive
- Be forward-looking and forecast ahead
- Make everything quickly scalable / adaptable
- Always have a plan B
- Find a way, offer or accept no excuses

**Remember that you are trying to impress  
a mega-aggressive person**

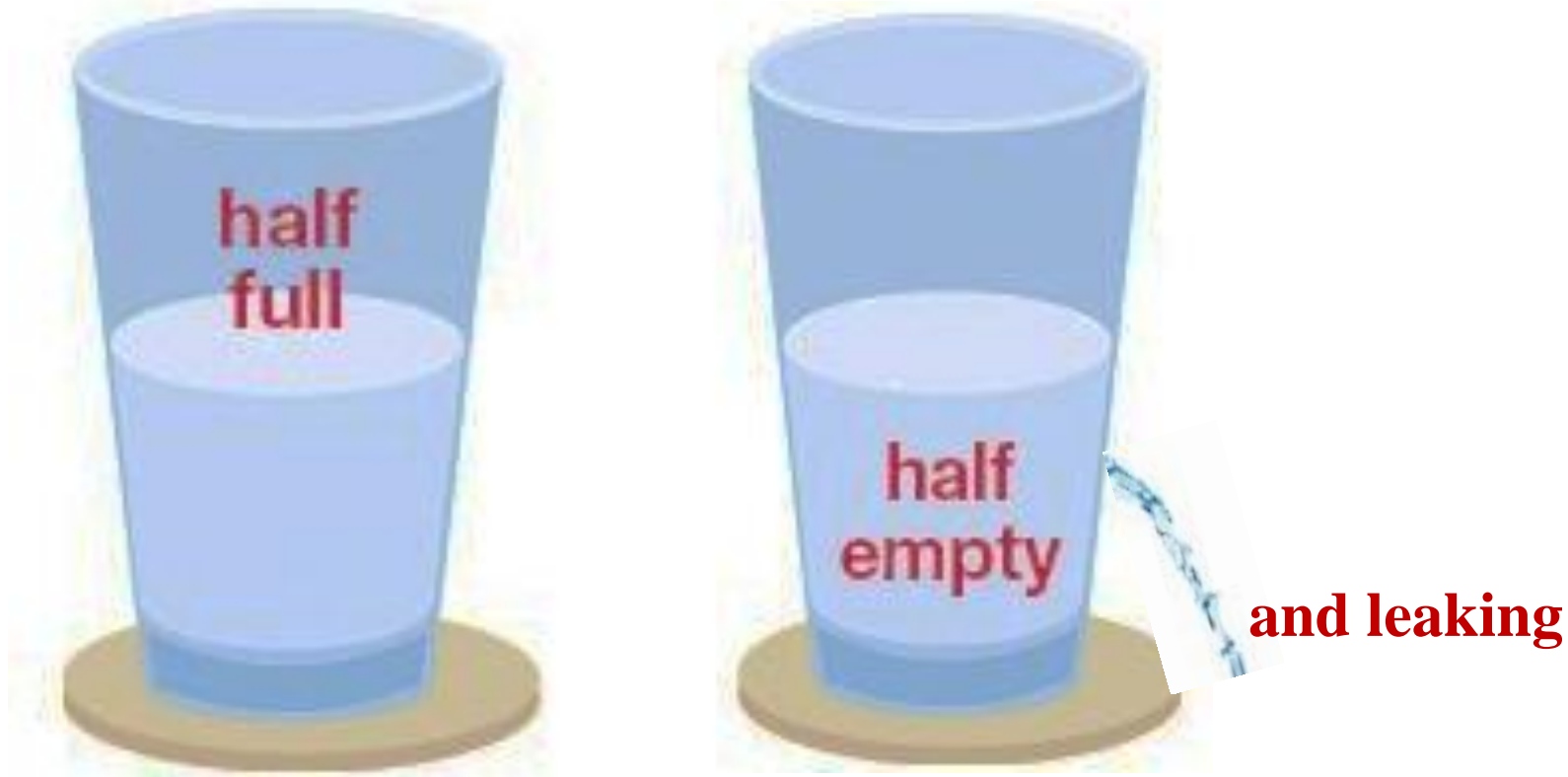
**Regardless of their sex...**

**most CEO's have “major huevos”, so *be bold!***



# CEO's see things differently than those in HR

**Which assumption reflects HR thinking?**



**And which assumption reflects CEO thinking?**  
(And which one makes the most sense in a fast-changing world?)

# Impress your CEO by... speaking their language

## 2) Speak the same language as they do

➤ CEO's respect others that also use “**the language of business**”... which is **money (\$'s / KSh) or numbers/data** that cover business results

➤ Executives also dislike functions that routinely invent their own jargon (i.e. **HR speak**)

**So avoid HR jargon like...**

Engagement

Emotional intelligence

Empowerment

Business partner

Aligned with goals

Happiness

Work/life balance

Executive coach

# Examples of soft phrases to avoid

## Avoid these soft “non-data” “not-results” phrases

- I believe, I hope, I feel
- I don't know... but I have an opinion
- My best guess
- I am confident
- I will try, I will do my best...
- Instead of a number - a lot, many, frequently, some
- We don't measure that... (e.g. quality of hire)
- We don't own that problem, so it's of no concern...

# Use the language of business (\$ and #'s)

## Examples of “the language of business” phrases...

- This **approach** will **increase rev.** by \_\_\_ million \$
- I know because **the data /chart proves it...**
- Our algorithm found that **these factors predict...**
- The **trendline reveals** this growth rate...
- This approach will **increase profit by...**
- The **program's ROI** is \_\_\_% above average
- The **payback period** is \_\_\_ months
- The **program's success rate** is \_\_\_%

# Impress your CEO by... avoiding intermediate results

## Also avoid talking about intermediate results

- **Engagement and happiness** are intermediate results but... they are not productivity improvement
- **More qualified hires** is an intermediate result... but KSA's don't automatically improve productivity
- **Better trained workers** is an intermediate result... but training doesn't always improve productivity
- **Higher retention rates** is only an intermediate result... but you may only be **keeping undesirable** as well as... unhappy and unproductive employees

# Impress your CEO by... increasing revenue

- 3) Make the CEO revenue (they love topline growth)**  
**Work with the CFO's office to quantify the amount**
- **Focus on revenue-generating jobs** (sales, collections, investments etc.) and then **hire/retain better performers** into these rev. generating jobs
  - Increase productivity by hiring / retaining better performers **in key jobs** (the top 1% produce \_\_%? 10% of your firm's total output) [**80/20 rule**]
  - Hire / retain **innovators** who produce multiple times more value (10X - 300X)
  - Raise productivity further by **focusing on the HR areas** that have the highest impact on revenue >

# Which TM function has the highest revenue impact?

(BCG)

## HR function or process

Firms that excelled at this function performed \_ times better

Revenue  
Growth

Profit  
Margin

HR function or process	Revenue Growth	Profit Margin
1. <b>Recruiting</b> ←	3.5 times	2.0 times
2. On boarding and <b>retention</b>	2.5x	1.9x
3. Managing talent (Workforce productivity)	2.2x	2.1x
4. Employer branding	2.4x	1.8x
5. Performance management and rewards	2.1x	2.0x
6. Developing leadership	2.1x	1.8x
7. Mastering HR processes	1.8	1.8
8. Global people management/ global expansion	1.8	1.7
9. Enhancing employee engagement	1.8	1.6
10. Providing shared services and outsourcing	1.6	1.7

# Mid and lower value-add HR functions

## HR process

1. Diversity and inclusion
12. Managing organizational transformation
13. Activity using data to manage associated risks
14. Strategic workforce planning
15. Delivering critical learning programs
16. Managing corporate social responsibility
17. Transforming HR into a strategic partner
18. Health and security management
19. Managing flexibility and labor costs (Contingent)
20. Restructuring the organization
21. Managing work/life balance
22. Managing an aging workforce

**The key is to first identify, and then to focus resources on the HR programs that have the highest business impacts at your firm**

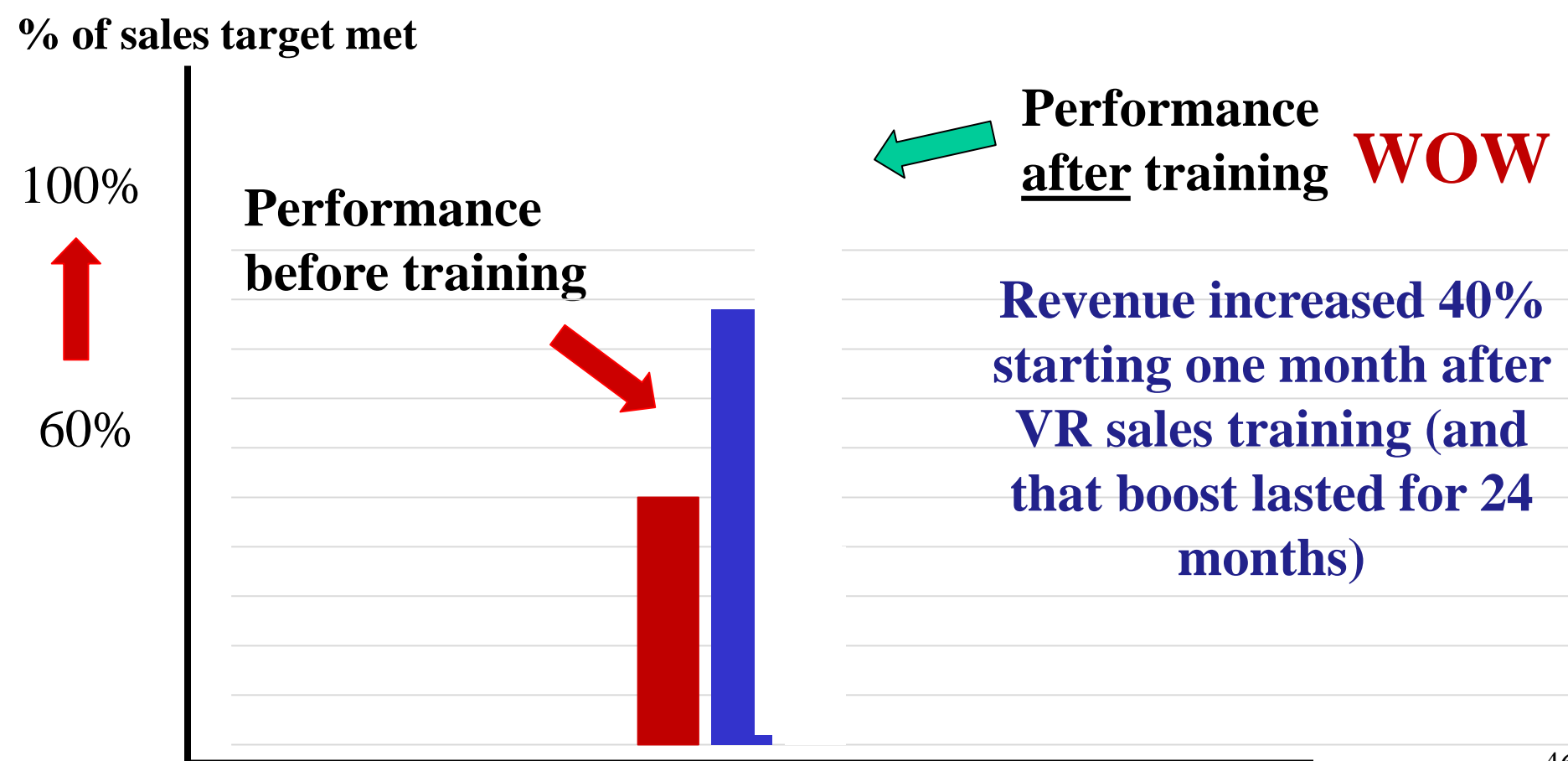
# Examples

## 4 more ways to increase revenue in revenue-generating jobs

1. Refine the **selection criteria** that is used to hire people in revenue jobs (correlate each factor with sales)
2. Hire and retain **better managers** that manage revenue generating **and innovative** employees
3. **Fire / release low performers** in revenue-generating or revenue impact jobs
4. Show that **training increases revenue** in revenue-generating jobs >

# Example of HR increasing revenue

Does virtual-reality sales training actually increase sales?



# Example – Better hiring in sales increases revenue

## Online candidate assessment can also increase revenue

- **At Footlocker on-line assessment scores for sales candidates...** were shown to be **positively correlated with “performance on the job” data**
- **HR then used data from this on-line applicant assessment tool to select better interview slates**

## Business results just from the pilot project included:

- **Double digit** increase in **sales-per-hour \$/KSh**
- **Double-digit** reduction in **staff turnover**
- It also saved **management time** because managers could **review and interview fewer applicants**  
(Down from as many as **300...** to as few as **3** per job opening)

# See if this revenue qualification example grabs your attention & drives action

1. **\$299k** is the average **yearly sales** for a salesperson
  2. That average goes up by **\$49k**... if our **employee completed advanced sales training** within 2 years
  3. The average goes up by **\$98k** if they spend 6 hrs. a wk. **on social networks**... sharing / learning
  4. The average goes up by **\$147k** if they have between **2 and 7 years tenure** at this firm in a sales job
  5. If they **meet all 3 requirements**, an employee's total yearly sales gain is **\$294k** (nearly doubling yearly sales)
- Would this stir a CEO to take action?**
- And what specific actions would you suggest?**

# Impress your CEO by...meeting strategic goals

## 4) Impact the firm's other strategic business goals

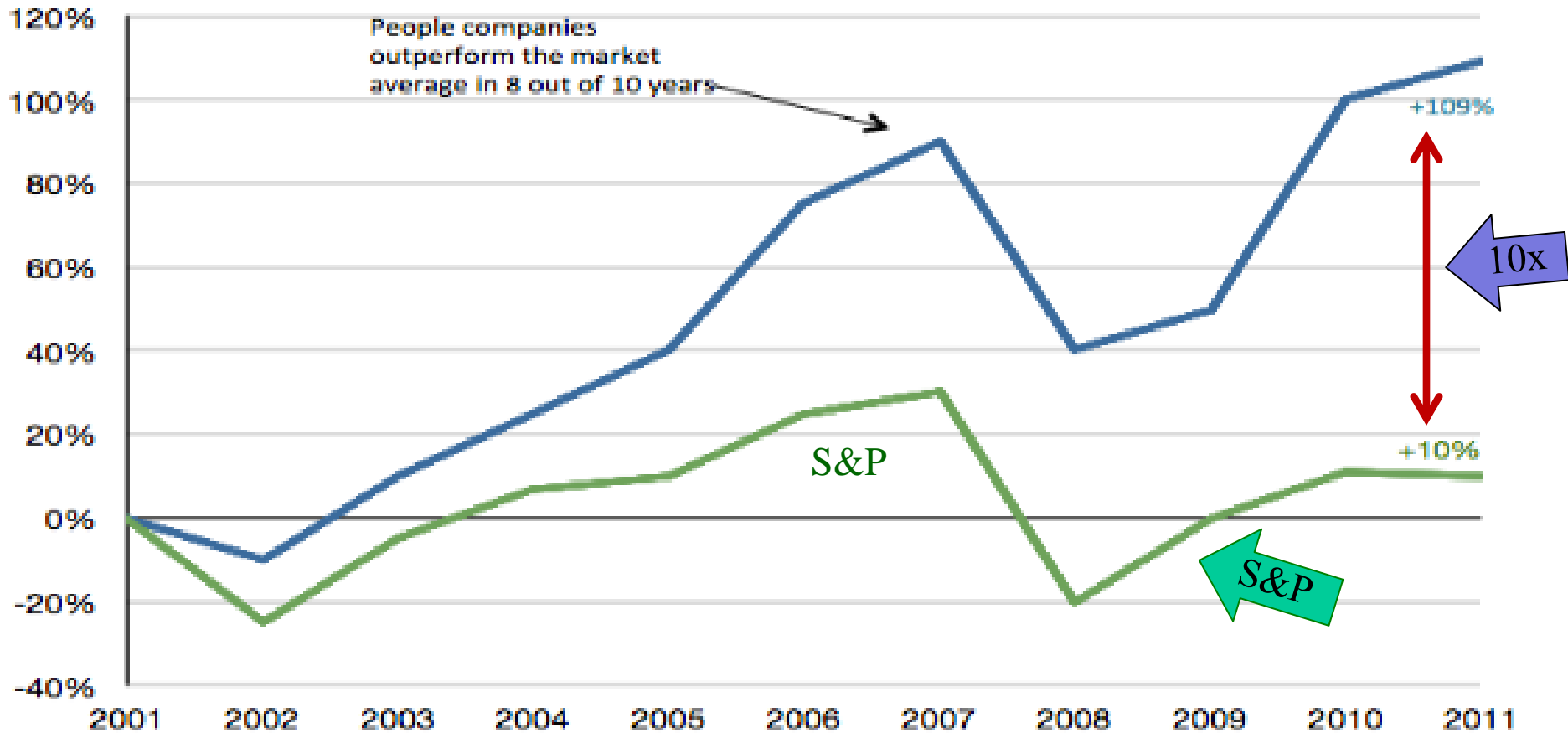
(Note: strat. goals are found in the strategic bus. plan)

**Common strategic goals include:**

1. **Revenue and rev. growth** (we just covered that)
2. **Profit**
3. **Productivity** (the #1 expectation of HR)
4. **Product development / innovation**
5. **Brand strength and value**
6. **Time to market** for new products
7. **Market share %**
8. Solving our current major **business problems**
9. **Brand value**
10. **The stock price** (aka: shareholder value) >

# Example – Can HR impact the stock price?

## “People Companies” Outperform the Market Average



Made Fortune list 3 out of 10 yrs. (109%) vs. S&P (10%) - BCG 2012

# Impress a CEO by... converting HR results to \$'s

## 5) Convert HR results into \$ of revenue impacts

- Convert every HR program “result number” into its \$, or KSh of revenue impact
- As a result of strong retention efforts, new hires stay longer = \_\_\_ \$ per month in added revenue
- Effective onboarding means new-hires are productive faster = \_\_\_ \$ per month more in rev.
- Faster hiring results in fewer vacant position days (in revenue jobs) = \_\_\_ \$ per day in increased revenue
- And absenteeism reduction program lowered absenteeism (in revenue jobs) = \_\_\_ \$ per day in rev.

# Convert the negative impacts of weak performers into dollars

## A weak employee is costly in \$

- Costing up to **2 1/4 times** their annual salary  
(Source: O'Boyle and Aguinis, U of Indiana)
- **Weak employees take up management time** (\$45 hr.) because a mgr. must **spend what % of their time** dealing with them **1 day a week (17%)** (Source: Robert Half)
- **Toxic employees** make their teammates **54% more likely to quit** (cost 2x salary for each turnover)  
(Source: Cornerstone Selection survey)
- **Bad ones stay forever...** weak hires **may stay 20 years**, multiplying their negative impact (i.e. Homer Simpson)
- How much did the dishonest **VW pollution control monitoring manager** cost their firm?

# **Know or calculate the added value contributed by top performers**

**Quantify in \$'s the value of top performers/innovators**

- **The top performing 1% of your workforce produces what % of your total output ? **10%****
- **The top 5% produce 26% (5X) - U of Indiana study**

**An innovator produces how much more than the average employee in the same job?**

GE, Netflix & Yahoo - **10 times** the average

Apple - **25 times** more than an average employee

Google - **300 times** more than an average employee

**Are top performers/innovators worth the extra effort?**

## Example – Converting turnover into \$

### Converting turnover results into revenue impacts

- Most would report that their **annual turnover rate was 20%**, meaning that 20% of 1000 employees left
- Convert that % to money, by calculating the **cost of each employee leaving (i.e. 2X their salary)**
- The average salary of the 200 people that left was 508,000 KSh
- And that means the **total cost of turnover was (2X x 500KSh x 200 employees) or 200 million KSh**
- **Which would get a CEO's notice faster...** “We have a 20% turnover rate” or... “This turnover is costing us 200 million KSh per year?”

# Impress your CEO by... increasing productivity

## 6) Increase the productivity and innovation of your workforce

**The #1 expectation for HR... is increasing the productivity of the workforce**

(Productivity = revenue per employee per year or the profit to labor cost ratio)

- Start increasing productivity by knowing and managing to the **20 factors that impact the productivity of a team**

# Productivity comes from these 20 key factors

1. A great **manager**
2. **Effective plans & strategies**
3. **Clear and prioritized goals** / **activities** to focus the work
4. **Rapid learning** / sharing
5. **Right** motivators / rewards
6. The right employee **skills**
7. 2 way **communications**
8. Performance **metrics**
9. Quality **team members** from great hiring & retention
10. **Collaboration** for innovation
11. **“Right job”** placement
12. Processes are **integrated**
13. **Information** for decisions
14. The right **tools/technology**
15. Quality **inputs/materials**
16. Enough **budget/** resources
17. The **work environment** is designed for productivity
18. **Time** devoted to the task
19. **Outside of work** factors
20. ID & removing **barriers to productivity/innovation**

# If you manage “the right way”... will your firm be significantly more productive?

**Expectation:** better managed firms will have a higher Rev. per Employee #

**Average** rev. per ee **\$208,000**

**HP-E** \$215,963 (Just above the average)

**Amazon\*** #5 \$491,000 (Nearly 2 ¼ times the average)

**Microsoft\*** #3 \$732,000 (Nearly 3 ½ times the average)

**Google\*** #2 \$1,250,000 (Nearly 6 times the average)

**Facebook\*** #7 \$1,560,000 (Nearly 7 times the average)

**Apple\*** #1 \$2,050,000 (Nearly **10 times** the average)

\* The red # is the firm's rank in **total market capitalization**

Source: MarketWatch.com 6/29/16

## Example – Increase productivity by limiting barriers

Identify and remove any barriers to productivity

Utilize employee knowledge on what is limiting productivity... in order to dramatically increase it

➤ **Ask** - If each team member had a personal goal of increasing the team's output by 25%... **“What current barriers would prevent that from happening... and what new things would we need to do... in order to reach that goal”**

➤ **Then put together a joint mgmt / employee team to identify the best solutions for each barrier**

**Did you know that managers have...  
the #1 highest impact on team productivity**

**Project oxygen showed Google “could improve  
75% of their worst-performing managers” L. Bock**

- 8. Have key technical skills to advise the team (not #1)**
- 7. Have a clear vision and strategy for the team**
- 6. Help your employees with career development**
- 5. Be a good communicator & listen to your team**
- 4. Don't be a sissy; Be productive / results-oriented**
- 3. Show interest in their success & personal well-being**
- 2. Empower your team and don't micromanage**
- 1. Be a good coach – hold regular one-on-one's & provide personalized constructive feedback**

# Ex. – Increasing productivity through freedom

## Results Only Work Environment (ROWE)



IF YOU'RE COMFORTABLE WITH THE AMOUNT OF FREEDOM YOU'VE GIVEN YOUR EMPLOYEES, YOU HAVEN'T GONE FAR ENOUGH

Google

gs required  
risky?

## The business impacts of a “mature adult” policy:

- ROWE employees have a \_\_\_% higher / lower turnover?

**90% lower** = \$102k per employee

- When workers switch to ROWE, their productivity goes down or jumps **by up to 41%**

## Example - Increase productivity by... losing the losers

### Paying “unsure employees” to quit at Amazon

- “Once a year, we offer to pay our associates to quit”. (\$2,000 the 1<sup>st</sup> yr. to \$5,000 the 5<sup>th</sup> year )
- The goal is to encourage folks to **take a moment & think about what they really want** in the long-run
- “An employee staying somewhere they don’t want to be **isn’t healthy...** for the employee or the company” (i.e. it’s expensive for the company)

## **Example – Onboarding actions can improve productivity**

**½ of the Google managers of new-hires were sent a JIT onboarding email... suggesting 5 things**

- 1. Have a discussion with the new-hire covering their role and responsibilities**
- 2. Match your new-hire with a peer buddy**
- 3. Help your new-hire build a social network**
- 4. Set up onboarding check-ins once a month for their first six months on the job**
- 5. Encourage an open dialogue**

**Result – the new-hires of the “reminded managers” time to min. productive was **25% faster****

Source: Laszlo Bock

## **3 other examples on how to increase productivity**

- 1. Remove a weak manager** in a team of 8 because it gets you a **15%** improvement in performance
- 2. Increase the % of referred workers** because they produce **25%** more than regular hires
- 3. Encourage employee vacation usage** by 10 hours beyond average to increase performance **by 8%**

# Ways that HR can increase workforce innovation

- Increase **serendipitous interactions** among non-teammates to increase **collaboration** (physical space)
- Offer **free time** to experiment (i.e. 20% time)
- **Recognize / reward** risk-taking and innovation
- Use **stretch goals** and frequent **project rotations**
- **Fast approvals** for new ideas
- **Require learning** after a failure (failure analysis)
- **Create a unique process for hiring** innovators
- Add a **meeting day “for makers”**
- **Fund** risky approaches over **sure things**

# Impress your CEO by... building a performance culture

## 7) Help the CEO build a performance culture

- A performance culture **places an extraordinary focus on producing superior results**
  - This focus means **designing all...**
    - Processes
    - Resource allocations
    - Communications
    - Measures, rewards and punishments
- So that they focus **time, talent, metrics and resources on producing measurable results** in every area of the business

# **Institute these 11 elements for a performance culture**

- 1. Define performance & list the top desirable results**
- 2. Prioritize SBU's, functions, jobs and results**
- 3. Focus resource expenditures on talent priorities**
- 4. Be forward-looking, anticipate and alert**
- 5. Rapid learning is essential**
- 6. Build a meritocracy\ignore not performance factors**
- 7. Hire, retain and promote based on results**
- 8. Measure all results with data / numbers**
- 9. Celebrate and reward only performance**
- 10. Rapid “best practice” sharing**
- 11. Maximize innovation**

# Factors that are often confused with performance

## Factors that are not performance or bus. results

- Seniority
- Loyalty and engagement
- Effort, intent, initiative and trying
- Experience, education and competencies
- Relationships
- Attitudes
- Actions (without results)

Look at any performance appraisal form... and most items **won't be actual on the job performance**

# Firms that strive to develop a performance culture

- Apple
- Google
- GE (meritocracy)
- Championship sports teams
- Facebook
- Whole foods
- Intel
- Wal-Mart
- Nucor

# Impress your CEO by... solving business problems

## 8) Solve business problems, not HR problems

- **Business problems have strategic goals in their title** (We have an X\$... sales, marketing, customer satisfaction, production or innovation... **problem**)
- **HR problems have HR words in their title** (We have a... recruiting, retention, engagement, pay or performance appraisal problem)

### Example

- Instead of saying... **we have a sourcing problem**
- Word it this way... **We have a 500 mil. KSh sales problem**, the strategic sales goal was not met last quarter (down 10%) because sales training was not available due to the slow hiring of trainers (Training and recruiting must work with sales)

# Impress your CEO by... being data-driven

## 9) Make all major HR decisions with data

HR is unfortunately known for soft decision-making

- **Stop thinking and know for sure with data**
- **Use hard data to decide... who to hire, retain, promote, what to reward, the best way to develop, place and motivate**
- **Stop automatically using dated practices that data might prove to be obsolete** (require biannual data proving that each tool produces superior results)

## Learn from Google

**DON'T TRUST YOUR GUT: USE  
DATA TO PREDICT AND SHAPE  
THE FUTURE**

# Impress your CEO by... using data to drive action

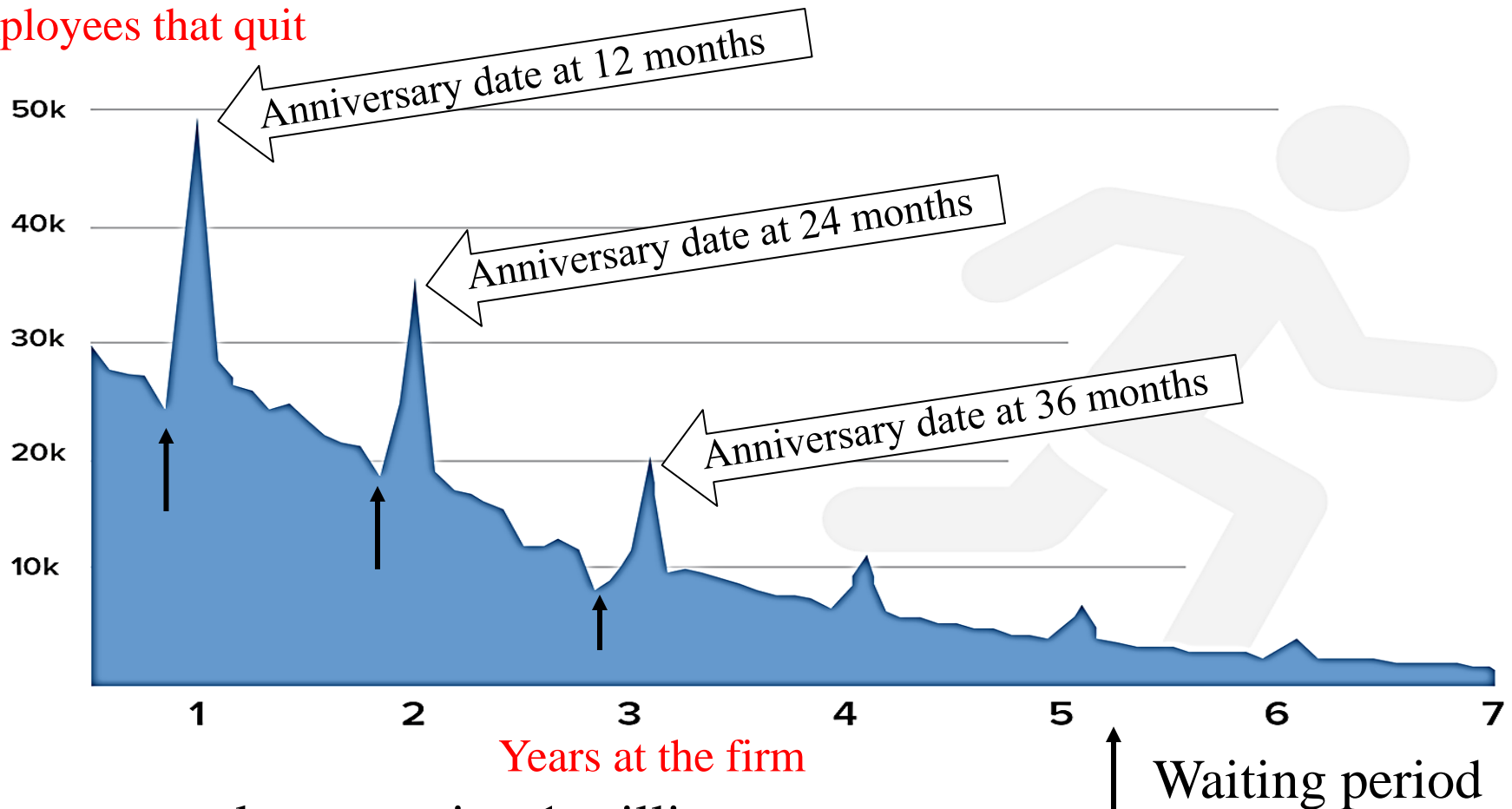
## Powerful data instantly drives action

- **Teams where managers average 7 years or more of tenure... produce 23% more profit**
- **After a retail manager left their store (regardless of cause), sales went down by over \$1 million over the next year**
- **After 7 years of tenure, most retail employees with customer contact plateau in performance, even though their salary continues to rise**
- **93% of top performers find a job by being “referred by someone they know”**

# Traditional HR would guess / speculate for retention purposes... when do new hires quit?

Knowing what causes these “turnover spikes” can improve your own firm’s retention and recruiting

Employees that quit



Source: entelo.com using 1 million resumes

# Impress your CEO by... being forward-looking

## 10) Tell the CEO about the future, not history

**Deemphasize historical (yesterday) metrics like:**

- Last year's **turnover**
- Last year's number of **new-hires**
- Last year's **productivity** (revenue per employee)
- Last year's **performance management** successes
- Last year's **diversity**

**Instead a shift is needed in HR to where...**

1. Managers have “**real time data**” on their phones, so they know what's happening... **right now**
2. **Forward looking predictive metrics...** give mgrs. **JIT alerts...** so they can **mitigate upcoming issues**

# HR must tell CEO's about what will happen soon

Predictive analytics give you a “heads up” about the future (what is going to happen, when, where & why)

## Some examples of predictions that add value

- Upcoming **turnover** (individuals and jobs)
- Upcoming **drops in productivity** (individual, SBU & team)
- Upcoming open positions for **pipeline recruiting**
- Upcoming **supply / demand** for talent
- Changing **attraction factors** of top performers
- The **career trajectory** of your top employees
- Upcoming **obsolescence** of some employees
- Changing **motivators** for employees
- Upcoming **talent competitor talent actions**

# Impress your CEO by... maintaining a competitive lead

## 11) Provide a competitive advantage in TM

**Maintain a competitive advantage by ensuring that:**

- We conduct a **continuous competitive analysis** that allows us **to stay one step ahead**
- Each of our **talent processes / tools produces better results** (recruiting, retention, development, innovation, WP)
- **Our managers, employees and HR staff** are superior to the competitors
- We have a positive **give away / take away ratio?**
- Develop a **talent map covering which employees to retain and who to poach** at our competitors
- We are the **1<sup>st</sup> to test new TM approaches**

# A retail store where TM provides a competitive adv.



**“We pay great employees up to 100% more than other retailers”**

**But we get... “three times the productivity at two times the payroll cost” (ROI)**

**“You save money, the customers win, and all the employees win because they get to work with someone great”**

**They have a “10 % turnover rate” vs. 75% in the industry**

# Impress your CEO by... embracing technology

## 12) Utilize technology everywhere

**Technology provides... speed, consistency, global reach, cost-cutting and increased capability**

Many HR areas are being transformed by technology

- **VR training** and assessment
- **Video interviewing** and **AI assessment**
- Algorithms covering **who is likely to quit** and which prospect targets are likely to start looking
- Office patterns for **improved decision-making, collaboration and innovation**
- AI to find who is creating original knowledge
- Projecting **career trajectory** and perf. flatlining

# Impress your CEO by...reducing HR's focus on cost-cutting

## 13) Revenue generation is superior to cost savings

- Rev - shows **competitiveness in the marketplace**
- Rev – show that **your products are superior / innovative...** so you can charge more
- Rev – shows that you have a strong **product brand**
- Rev – shows that you have great **customer service**
- **Cost-cutting** – requires **no business savvy**
- **Cost-cutting** – takes your **focus away from growth**
- **Cost-cutting** – often **reduces quality**
- **Cost-cutting** – means that **you've been inefficient**
- **Cost-cutting** – has **unintended consequences** >

# Unwise HR cost cutting impacts revenue / costs

Remind CFO's of "other pocket" costs

**Pocket #1 – Froze safety hiring (Saved \$10K)**

But look at "other pocket" no-one-connects costs...

**Pocket #2 – Accident rates doubled (+\$400,000)**

**Pocket #3 – Insurance rates up 23% (+\$187,000)**

**P. #4 – Turnover of safety ee's +15% (+\$89,000)**

**Other pocket costs/revenue reduction = - \$676,000**

# Impress your CEO by doing these things

## 14) Increase organizational speed and learning

**In a fast world, being 1<sup>st</sup> can yield higher margins**

- 1. Hire people that are fast** – give them a process and ask them how they would expedite it
- 2. Train for speed** – identify, share and teach speed techniques (i.e. nonlinear thinking)
- 3. Decision speed** – increasing **collaborative space & integrating processes** improves decision speed
- 4. Reward speed that also produces quality** – measure & reward faster speed with quality
- 5. Release faster** – use algorithms to forecast slow employees and slow performing new hires
- 6. Reduce silos** – a **lack of integration** reduces speed
- 7. Track approvals** – to see if they really help

## **Proactively increasing learning speed**

- **Hire /retain those that learn fast** – in a VUCA volatile world... rapid learning is the #1 competency
- **Measure learning speed** – measure **firm, dept. & individual employee** learning speed
- **Organizational learning must occur at all levels** – not top-down, but learning **at all levels** (amoeba)
- **Informal learning** - shifting to employee ownership & self-directed **personalized OTJ learning plans**
- **How the best learn** – share your top performer's top learning sites, blogs and methods
- **Spreading best practices** – rapid best practice identification and sharing has a high ROI
- **VR learning** – allows personalized anywhere learning

# Impress your CEO by doing these things

## 15) Help the CEO be more visible

**Most CEO's like positive exposure** (ask them)

- Provide information that makes them look good in front of **shareholders and industry analysts**
- **Winning “best place to work awards”** provides them with opportunities to be visible
- Having a strong Employer Brand **positively impacts the firm's product brand**
- Wide exposure of best practices and superior talent results **may get them on “Best CEO lists”**
- **HR should also be more visible** by being mentioned on analyst calls and BOD meetings

# Impress your CEO by... making no major errors

## 16) Avoid even a single major error

**CEO's remember who caused a major headache, no matter how many good deeds that you've done**

- **Meet each of your business goals every quarter**
- **Avoid any major negative PR**
- **Avoid any major legal or regulatory issues**
- **Avoid any major internal audit issues**
- **Avoid any major environmental scandals**
- **Avoid any sexual harassment scandals**

# Indications that your CEO appreciates your business impacts

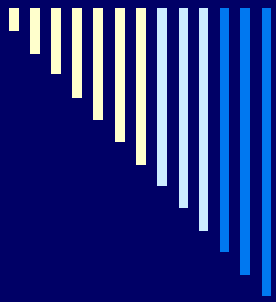
## Indicators that you have significant CEO influence

- HR is prominently listed **in the annual report**
- The VP of HR is the “**go to person**” **in a crisis**
- **HR is mentioned** in CEO’s speeches/presentations
- **Budget and headcount** increases are above the average
- Top HR staff **move into business unit positions**
- Exemptions from **hiring / budget freezes / layoffs**
- Being listed high on “**best place to work lists**”



## Checklist of CEO influence action steps

- Be bold and proactive
- Focus on revenue and business impacts
- Maximize productivity and innovation
- Convert all results to dollars / KSh
- Talk with data and numbers
- Use predictive analytics to alert
- Prioritize business units and managers
- Prioritize HR programs w/ high impacts
- Benchmark Google and read Work Rules



**Did I make you think?**

**Are there any more questions?**